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Contents

	Israel: Shamir's New Government	1
Notes	USSR:	
	: Kirghizis Try Conciliation	3
	Burma: Japan Cautious on Aid	5
	Bulgaria: Opposition Protesting Communists' Victory	6
In Brief		7
Special Analyses	Peru: Fujimori's Challenges in Consolidating Power	9

~~Top Secret~~

12 June 1990

0176

~~Top Secret~~

Israel's New Cabinet

Likud

Yitzhak Shamir	Prime Minister, Minister of Labor and Social Welfare, Minister of Ecology and Environmental Protection
David Levi	Deputy Prime Minister, Minister of Foreign Affairs
Moshe Nissim	Deputy Prime Minister, Minister of Industry and Commerce
Moshe Arens	Minister of Defense
Yitzhak Modai ^a	Minister of Finance
Ariel Sharon	Minister of Construction and Housing
Dan Meridor	Minister of Justice
Ehud Olmert	Minister of Health
David Magen	Minister of Economy and Planning
Moshe Katzav	Minister of Transport
Roni Milo	Minister of Police
Gideon Patt	Minister of Tourism

SHAS

Arye Der'i	Minister of Interior
Rafael Pinhasi	Minister of Communications
Yitzhak Peretz	Minister of Immigrant Absorption

National Religious Party

Zevulun Hammer	Minister of Education and Culture
Avner Shaki	Minister of Religious Affairs

Tzomet

Rafael Eitan	Minister of Agriculture
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Tehiya

Yuval Neeman	Minister of Energy and Infrastructure, Science and Development
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^a Movement to Advance the Zionist Idea (Likud affiliate)

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ISRAEL:

Shamir's New Government

Prime Minister Shamir's new rightwing-religious coalition government may have enough cohesion to last until its term expires in the fall of 1992.

In sewing up 62 of 120 Knesset votes yesterday, Shamir's coalition got support from one Labor party defector and all the religious and rightwing parties except the religious faction Agudat Yisrael. He has reserved the Ministry of Labor and Social Welfare for Agudat Yisrael to try to tempt it into the government. The religious party Degel HaTorah and the rightwing Moledet faction supported Shamir without joining the government.

Shamir, in presenting the government, pledged to move forward on the Arab-Israeli peace process but said Israel would not enter direct or indirect negotiations with the PLO. The new government's guidelines call for more Jewish settlements in the occupied territories and, to satisfy a rightwing coalition partner, consideration of electoral reforms within three months. They also call for the passage of new religious legislation, including a ban on the sale of pork.

Comment: Despite his pledge to advance the peace process, Shamir is not likely to engage in an Israeli-Palestinian dialogue. His government undoubtedly will start settlements in the occupied territories and probably will respond harshly to attacks on Israel by the PLO or other Palestinian groups.

Although Shamir's new government might be toppled by internal legislative battles, it has significant ideological cohesion and may survive until the end of its term. Agudat Yisrael's entry into the coalition would strengthen Shamir's ability to weather internal disagreements.

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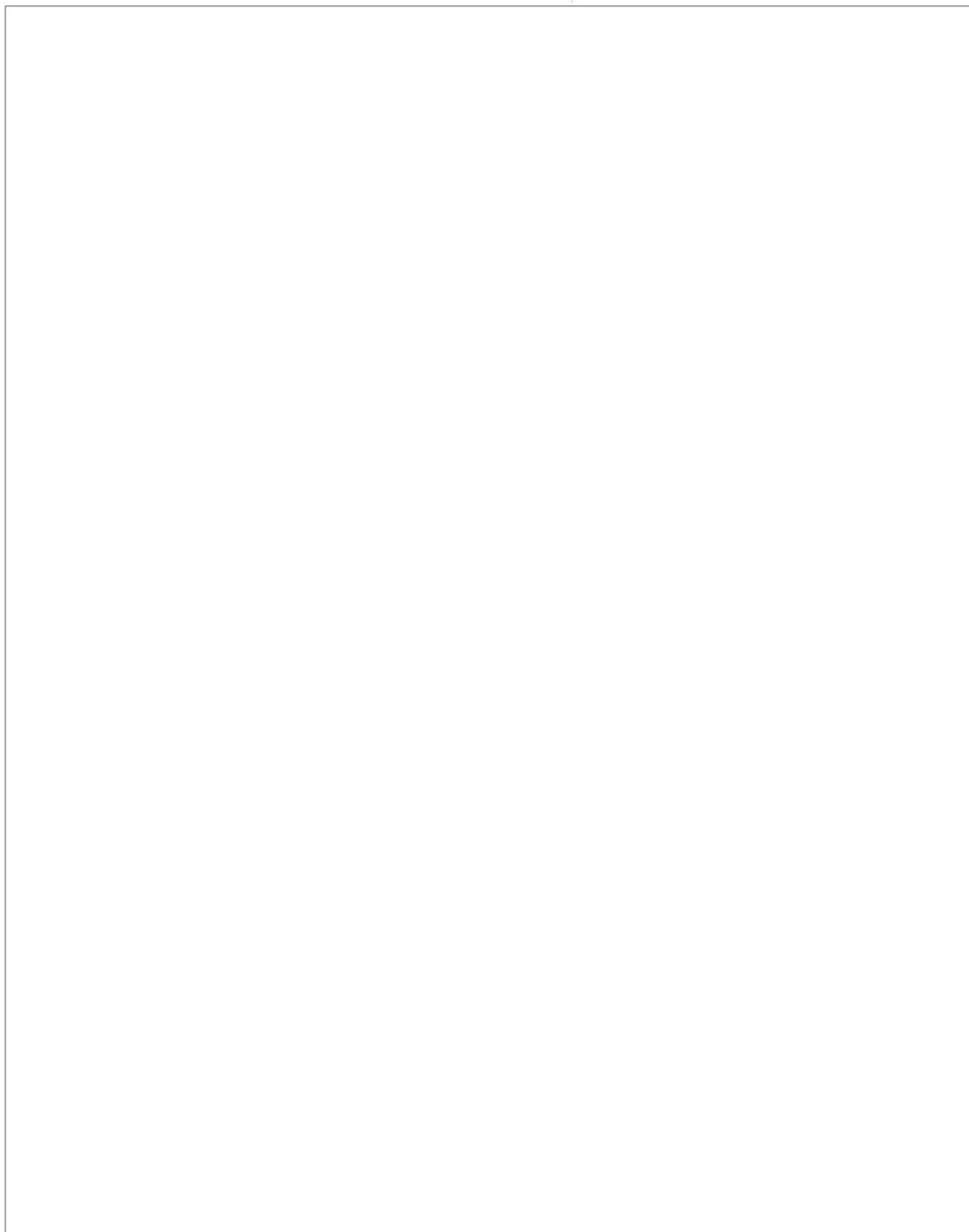
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12 June 1990

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USSR: Kirghizis Try Conciliation

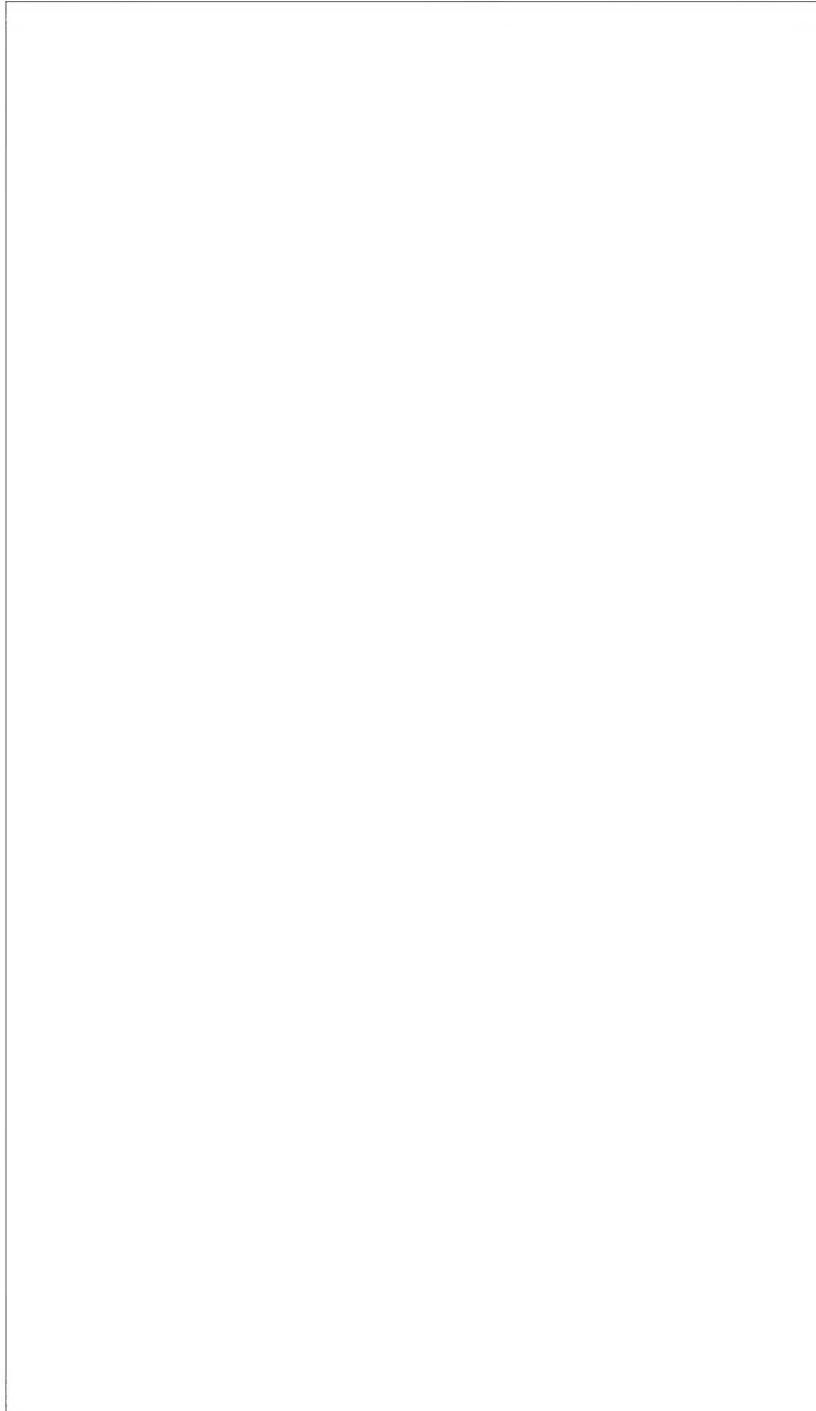
The Osh security commander claims to have nearly full control of his region. Frunze, the republic capital, remains calm, and Kirghiz authorities yesterday were opening a conciliation campaign. A Moscow party official was coordinating activities of a commission to restore order and seek the causes of the ethnic violence. Since republic Premier Dzhumgulov and Uzbek Premier Mirsaidov met on Saturday in Osh, joint Kirghizi-Uzbek appeals for peace have been issued by prestigious cultural figures and local leaders.

Comment: Maintaining stability in the impoverished and ethnically mixed Fergana Valley probably will require a prolonged period of heightened security. A main challenge to official interrepublic cooperation will be protecting the 500,000 Uzbeks in Kirghiziya's Osh Oblast and the 70,000 Kirghizis in Uzbekistan's Andizhan Oblast to keep them from becoming refugees in the already overcrowded region.

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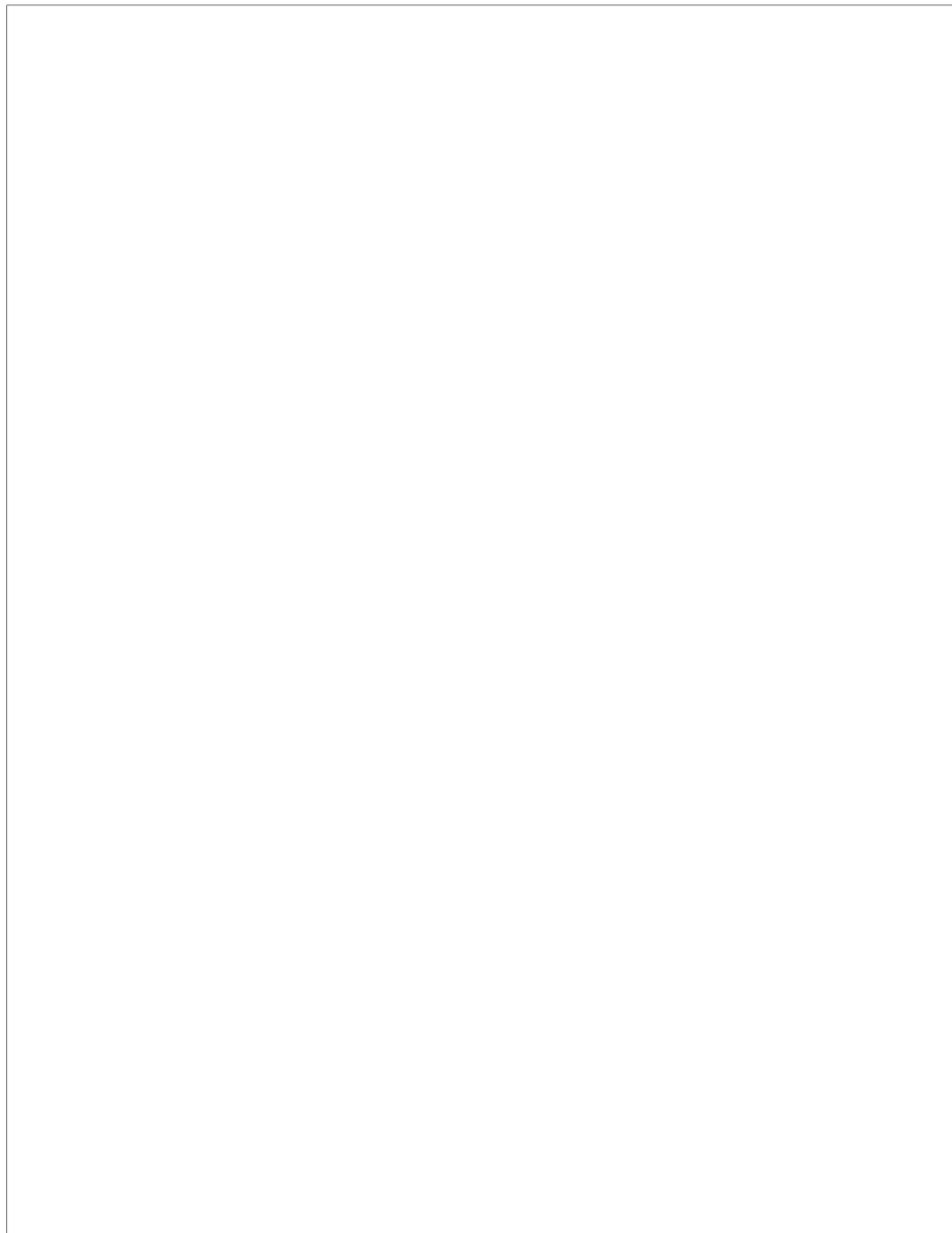


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~~Top Secret~~



~~Top Secret~~



12 June 1990

0 183

~~Top Secret~~

BURMA: Japan Cautious on Aid

Tokyo is unlikely to give Rangoon large-scale aid until the military regime undertakes serious economic reform and transfers power to a civilian government.

Tokyo is also requiring Burma to pay debt arrears of some \$140 million. Japan is Burma's largest bilateral donor; in 1988 Japanese-funded programs totaled \$260 million.

Tokyo may be willing to head an international donors group to help Rangoon use foreign aid more effectively.

Comment: The military regime probably hoped that last month's National Assembly election would encourage Tokyo to resume its full aid program quickly. Burma critically needs foreign aid to revive the economy, and Tokyo's new conditions may help persuade the regime to take steps to transfer power to the opposition National League for Democracy. The IMF and the World Bank, which have also insisted that Burma demonstrate a commitment to economic reform before they begin new projects, probably would join an international aid group.

~~Top Secret~~

0 184

~~Top Secret~~

BULGARIA: Opposition Protesting Communists' Victory

More than 100,000 people demonstrated yesterday against the projected election victory of the Bulgarian Socialist Party. Announcement of official results has been postponed until today to give investigators time to look into allegations of electoral fraud. Leaders of the Union of Democratic Forces, the main opposition coalition, however, say they will not demand a new election unless more serious violations are uncovered. Several UDF leaders have repeated past pledges not to join the BSP in coalition and to stay united in opposition.

Comment: More opposition demonstrations are likely as UDF leaders try to stir up support for party candidates in runoff races on Sunday, but serious violence is not likely. The intimidation and fraud that occurred do not appear to have been key to the BSP victory. If UDF leaders stand firm against joining the Communists in a coalition, the BSP may be forced into an early election, possibly for failure to get the needed two-thirds support of the Assembly to pass a new constitution.

~~Top Secret~~

0 185

~~Top Secret~~

~~Top Secret~~

12 June 1990

0 186

~~Top Secret~~

In Brief

Middle East

- Two Iranian Navy ships making highly publicized four-day visit to Oman . . . first such visit to another Persian Gulf country since Iranian revolution . . . highlights warming ties between Tehran, Muscat.
- Soviet Deputy Foreign Minister Petrovskiy in Iraq for talks on Iran-Iraq conflict, regional issues . . . visited Iran last month . . . probably pushing for Iran-Iraq peace talks in Moscow.

USSR

- Three Baltic presidents to see President Gorbachev today, his first meeting with President Landsbergis . . . probably will again urge looser federation on them . . . Lithuanian Premier Prunskiene will meet today with Soviet Premier Ryzhkov.

East Asia

- Philippine Armed Forces Chief of Staff De Villa reportedly resigning to care for terminally ill wife . . . Vice Chief of Staff Biazon, Army chief Flores likely replacements . . . both helped put down attempted coup last December.
- Taiwan, Vietnamese entities signed aviation, visa, commercial agreements last week . . . direct trade, established last August, worth \$41 million last year . . . Taiwan exports processing machinery, electronics, Vietnam rattan, lumber.

Europe

- EC, Romania trade pact initialed Sunday eases trade restrictions on Romanian goods . . . only Albania in region lacks such accord . . . EC will begin negotiating association agreements with East Europeans later this year.

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0-187

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Americas

— Newfoundland Premier Wells will take **Canada's Meech Lake** accord to provincial legislature, not more risky referendum . . . will not impose party discipline . . . passage requires six of his 31 Liberals to vote with 21 Conservatives.

South Asia

— Tamil militants killed 14 **Sri Lankan** soldiers, overran seven police stations yesterday . . . bloodiest confrontation since talks began last year . . . Colombo not likely to suspend negotiations, but if violence escalates military will retaliate.

Southeast Asia

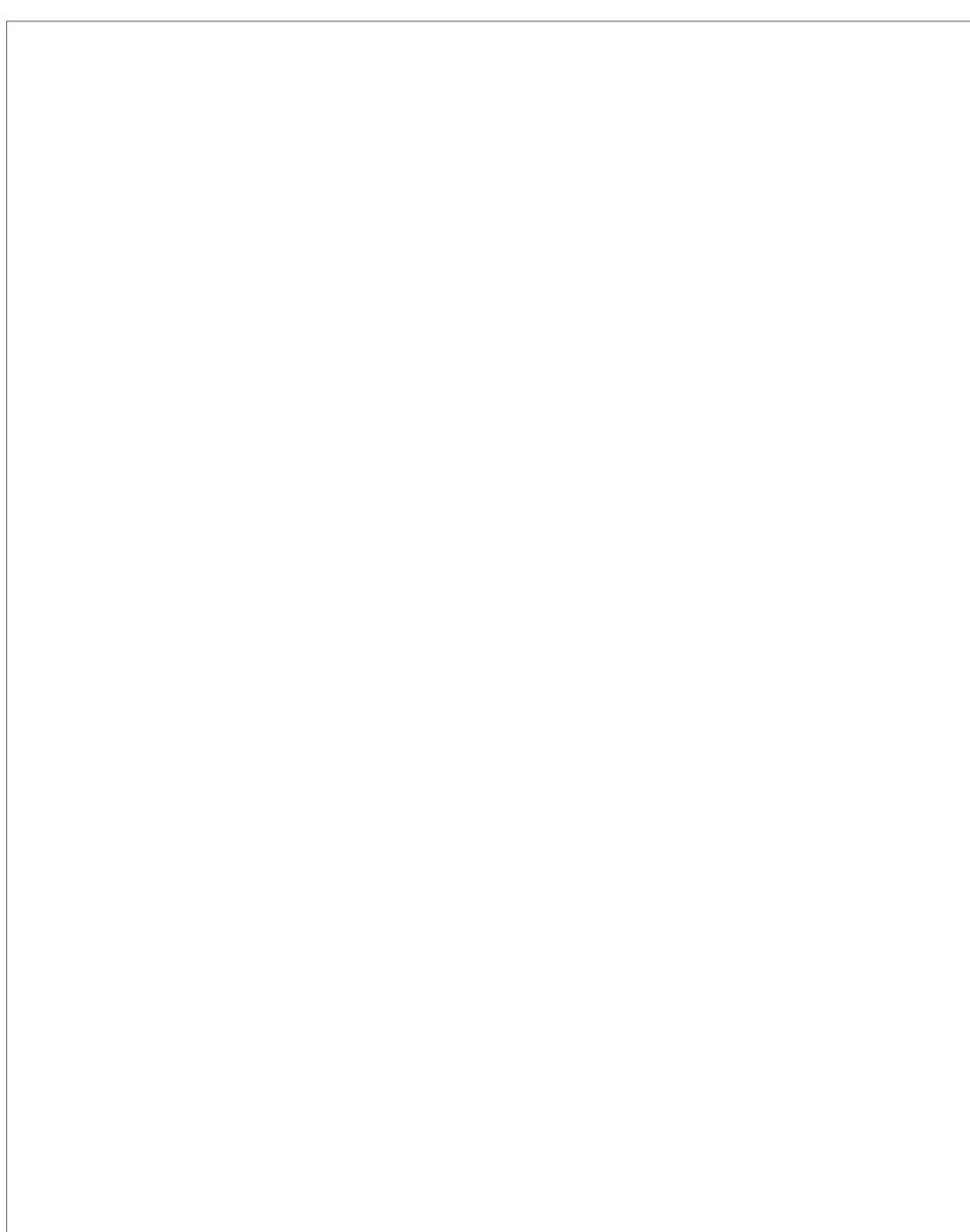
— Press reports several senior **Cambodian** officials arrested for forming opposition party . . . high-level corruption, popular dissatisfaction rumored growing . . . unclear if evidence of factionalism will weaken regime in peace talks.

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~~Top Secret~~

12 June 1990

0 189

~~Top Secret~~

Special Analysis

PERU: Fujimori's Challenges in Consolidating Power

Despite his apparent landslide victory in Sunday's presidential runoff, Alberto Fujimori will have a fragile hold on power as he tries to placate disgruntled citizens, a splintered legislature, and the jittery military.

Unperturbed by criticism of his vague policy statements, Fujimori said he will detail his plans only after the inauguration on 28 July. Nonetheless, he underlined his intent to reintegrate Peru in the international community, to pay the foreign debt, and to strengthen relations with other nations of the Pacific rim. Hinting that his ethnic Japanese heritage would attract increased aid from Tokyo, Fujimori said he wants to travel there this month. A Japanese Government spokesman, however, repeated that Fujimori's victory will not influence the level of aid.

Fujimori criticized Lima's antidrug efforts for emphasizing "repressive" enforcement measures and implied that coca growers must be offered economic incentives to switch to legitimate crops. He did not rule out accepting foreign military aid but opposes the presence of foreign troops.

During the campaign, Fujimori failed to specify alternatives to his opponent's proposed economic shock program, which he repeatedly attacked; his electoral showing thus may have been largely an anti-Vargas Llosa vote. His mandate could crumble quickly if public expectations for a quick, painless economic turnaround go unmet.

Fujimori may fare little better in the fragmented legislature. His centrist coalition probably can draw congressional support from the right and the left. But the new government may run afoul of Vargas Llosa's center-right coalition, which holds a plurality in both houses, if it proposes legislation reminiscent of the economic gradualism of President Garcia's discredited center-left party. Moreover, Garcia's party, which discreetly backed Fujimori in the runoff campaign, probably would quickly join Fujimori's critics at the first hint of failure.

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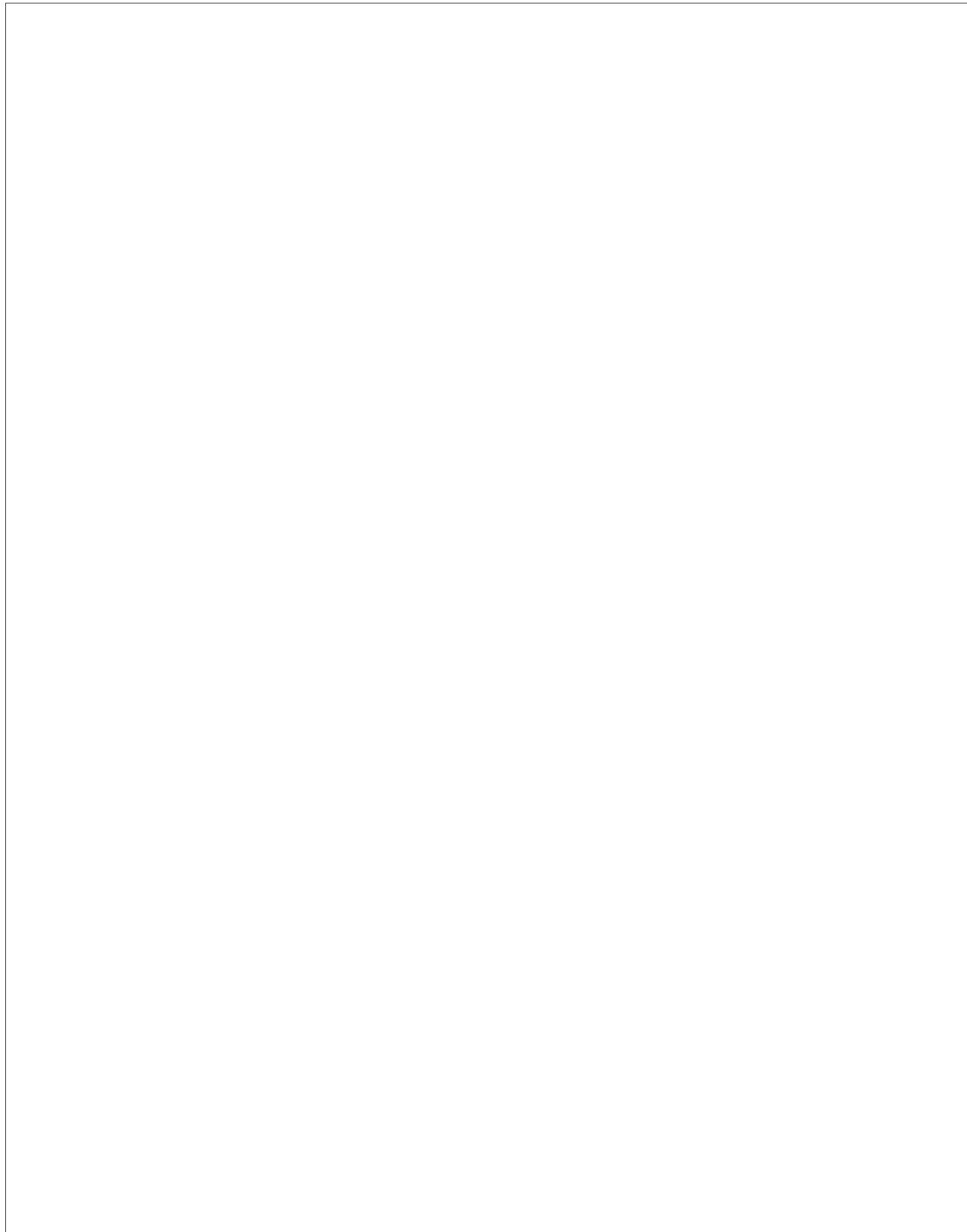
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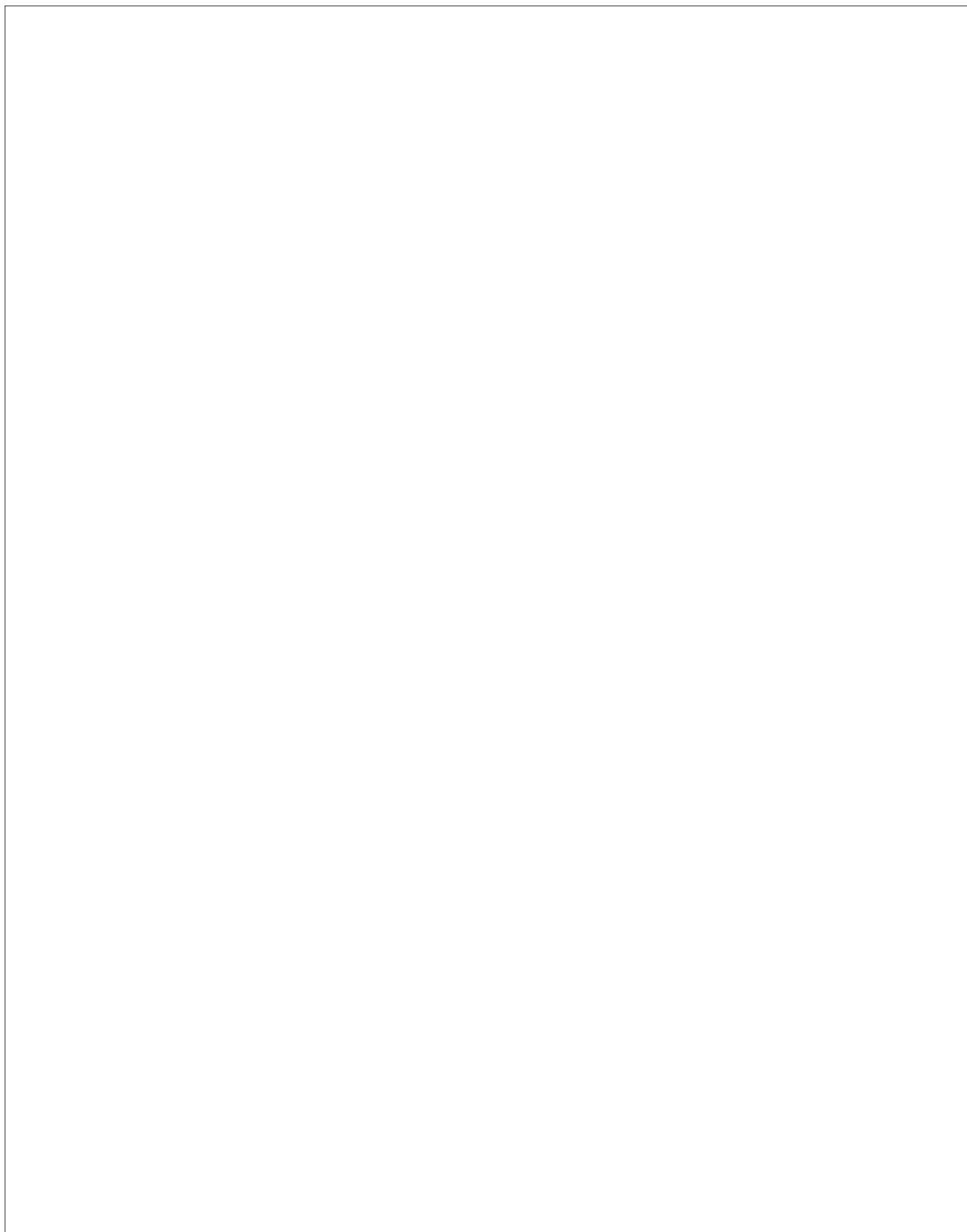
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12 June 1990

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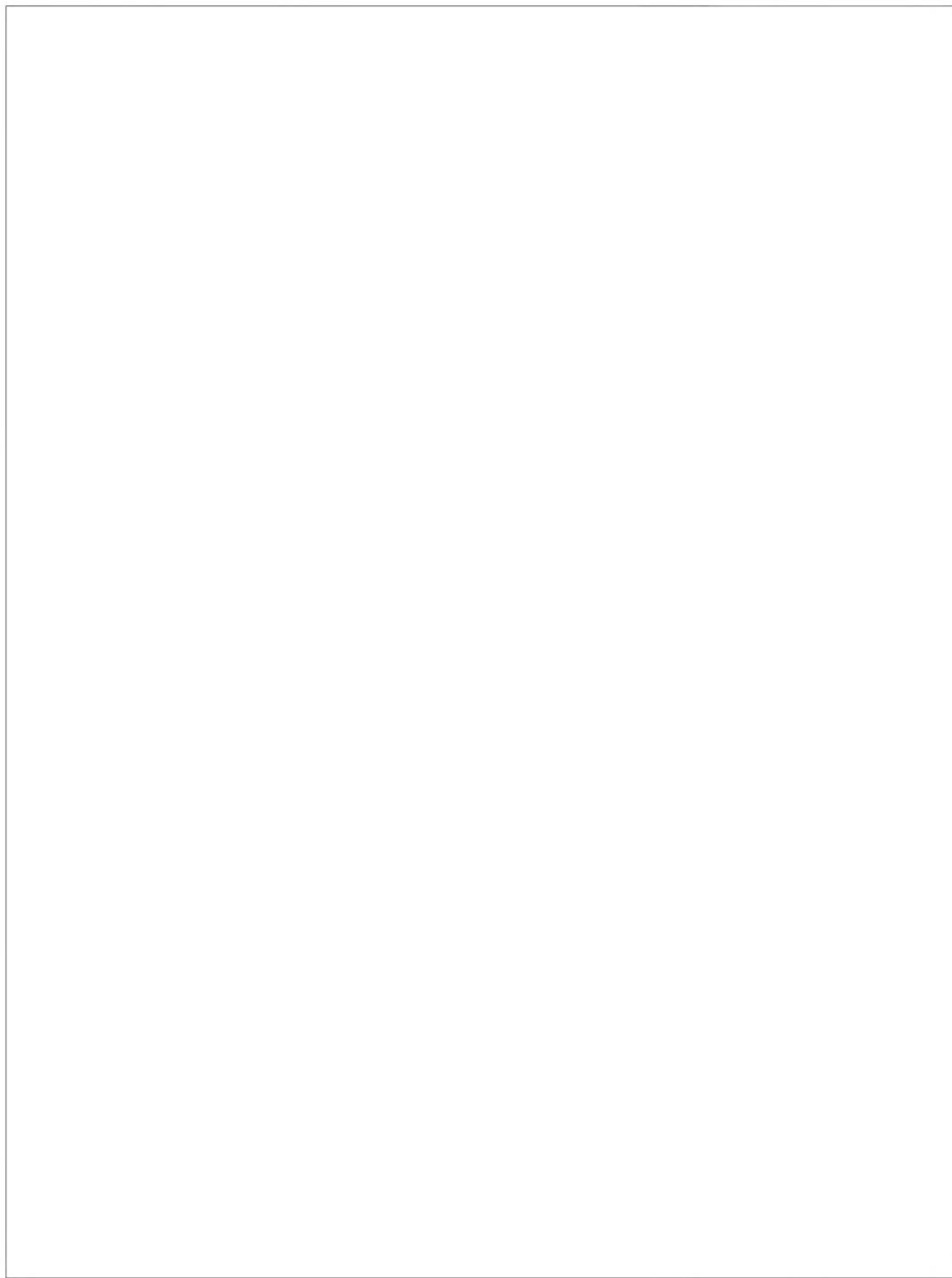
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12 June 1990

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